

SUBCOMMITTEE NO. 2

Agenda

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Thursday, April 3, 2003
Upon Adjournment of Session
Room 112

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Proposed Consent Calendar

The following items are proposed for the consent calendar. No issues have been raised with the following departments, boards, or commissions.

| Item | Department | Total Funds | General Fund |
|------|--|-------------|--------------|
| 3125 | California Tahoe Conservancy | 15,609,000 | 0 |
| 3810 | Santa Monica Mountains Conservancy | 22,253,000 | 0 |
| 3825 | San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy | 17,697,000 | 0 |
| 3830 | San Joaquin River Conservancy | 1,355,000 | 0 |
| 3835 | Baldwin Hills Conservancy | 8,567,000 | 0 |
| 3845 | San Diego River Conservancy | 265,000 | 0 |
| 3850 | Coachella Valley Mountains Conservancy | 9,380,000 | 0 |

Staff Recommendation: Staff recommends the subcommittee approve the proposed consent calendar.

Action:

Informational Item

Proposition 50 Bond Funds

The 2003-04 proposed budget utilizes approximately \$1.1 billion in Proposition 50 bond funds. Proposition 50, The Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 authorizes \$3.4 billion in general obligation bonds for various water projects and programs. Listed below is a brief summary of the bond elements, and the Governor's Proposition 50 proposals for the 2003-04 budget-year.

Water Security

\$50,000,000

Water security are discretionary to the extent that no water security program currently exists. The Legislature can appropriate these funds for projects that protect state, local, and regional drinking water systems from terrorist attack or deliberate acts of destruction or degradation.

The budget proposes \$15.1 million from the Water Security fund for 2003-2004.

Safe Drinking Water

\$435,000,000

Safe drinking water funds are available to the Department of Health Services for grants and loans for infrastructure improvements designed to meet safe drinking water standards. Examples of the types of projects and grants that are eligible for funding include the following:

- Grants to small community drinking water systems to upgrade monitoring, treatment, or distribution infrastructure.
- Grants for the development of new technologies and related facilities for water contaminant removal and treatment.
- Grants for community water quality monitoring facilities and equipment.
- Grants for drinking water source protection.
- Grants for treatment facilities necessary to meet safe drinking water standards.

To help address the water demand issues, 60 percent of these funds can also be used for grants to Southern California water agencies to assist in meeting the state's commitment to reduce Colorado River water use to 4.4 million acre feet per year.

The budget proposes \$102.1 million from the Safe Drinking Water fund for 2003-04.

Clean Water and Water Quality

\$370,000,000

These funds are scheduled as follows:

- \$100 million to the Water Resources Control Board (SWRCB) for competitive grants for the following purposes:
 - (1) Water pollution prevention.
 - (2) Water reclamation.
 - (3) Water quality improvement.
 - (4) Water quality blending and exchange projects.
 - (5) Drinking water source protection projects.
 - (6) Projects to mitigate pathogen risk from recreational uses at drinking water storage facilities.
- \$100 million to the Resources Agency Secretary for River Parkways projects.

- \$40 million to the Tahoe Conservancy for land and water acquisition, development, and restoration to improve the water quality of Lake Tahoe.
- \$100 million to the Water Board for projects that restore and protect the water quality and environment of coastal waters, estuaries, bays and near-shore waters, and groundwater. Of these funds, a minimum of \$20 million is appropriated for projects in the Santa Monica Bay Restoration Plan.
- \$30 million to the Secretary for Resources for water quality and land acquisition projects in the Sierra Nevada-Cascade Mountain Region.

The budget proposes \$87.9 million from the Clean Water and Water Quality fund for 2003-04.

Contaminant and Salt Removal Technologies**\$100,000,000**

The funds in this account are available the Department of Water Resources (DWR) to award grants for desalination projects. To qualify for these funds, a grant recipient must satisfy a 50 percent match requirement of non-state source revenues for the project.

The budget proposes \$27.0 million from the Contaminant and Salt Removal Technologies fund in 2003-04.

CALFED Bay-Delta Program**\$825,000,000**

Proposition 50 supports the state's ongoing commitment to the CALFED Bay-Delta Program. Key components of the proposal include \$180 million for each of the following CALFED program elements: water supply reliability, ecosystem restoration, and water use efficiency.

The budget proposes \$306.6 million from the CALFED fund in 2003-04. Additionally, the 2002-03 current-year budget contains \$46.6 million of Prop 50 funds for CALFED.

Integrated Regional Water Management**\$640,000,000**

The allocation of Integrated Regional Water Management funds will likely require legislation to establish and implement this new program. As stated in the bond, the funds in this account are intended to protect communities from drought, protect and improve water quality, and improve local water security. Fifty percent (50%) of these funds are allocated to the SWRCB to select projects that meet certain requirements, including projects that are consistent with approved integrated water management plans, and projects that include local matching funds. Other restrictions on these funds include prohibiting projects that include an on-stream surface water storage facility, or an off-stream surface water storage facility other than percolation ponds for groundwater recharge in urban areas.

The budget proposes \$93.7 million from the Integrated Regional Water Management fund in 2003-04.

As part of this account, the Wildlife Conservation Board (WCB) will receive \$140 million for projects and grants that protect water quality and improve water supply reliability.

The budget proposes \$60.2 million to the WCB in 2003-04.

Colorado River**\$70,000,000**

Twenty million (\$20,000,000) of these funds are available to DWR for canal lining and other projects designed to reduce the state's use Colorado River water. Fifty million (\$50,000,000) of the funds are available to the WCB for acquisition, protection, and restoration of land and water resources that help satisfy the states' limit on Colorado River water.

The budget proposes \$54 million from the Colorado River fund in 2003-04.

Coastal Watershed and Wetland Protection**\$200,000,000**

The Coastal Watershed and Wetland Protection funds are available for grants and/or projects that protect coastal watersheds. The allocation of these funds are as follows:

- \$120,000,000 million to the State Coastal Conservancy
- \$20,000,000 million for the San Francisco Bay Conservancy Program
- \$40,000,000 million to the Santa Monica Mountains Conservancy, of which \$20,000,000 is for the protection of the Los Angeles River watershed (north of the City of Vernon), and \$20,000,000 million for the Santa Monica Bay and Ventura County coastal watersheds.
- \$20,000,000 million for the San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy.

The budget proposes \$46.0 million from the Coastal Watershed and Wetland Protection fund for 2003-04.

Wildlife Conservation Board**\$750,000,000**

Proposition 50 authorizes \$750 million, continuously appropriated, to the WCB for acquisition, protection, and restoration of coastal wetlands, upland areas adjacent to coastal wetlands, and coastal watershed lands. The bond specifies that \$300 million must be spent on projects within Los Angeles, Santa Barbara and Ventura Counties, and \$200 million must go to projects in the San Francisco bay area. The WCB can also acquire at least 100 acres of upland mesa areas adjacent to the state ecological reserve in the Bolsa Chica wetlands in Orange County.

The budget proposes \$272.0 million to the WCB in 2003-04. The Administration has also scheduled approximately \$170.7 million of the WCB fund in the 2002-03 fiscal-year.

0540 Secretary for Resources

The Secretary for Resources has administrative responsibility for the 21 state departments, boards, commissions, and conservancies within the Resources Agency. The budget proposes total expenditures of \$54.3 million (\$1.3 million, General Fund), a decrease of \$386.2 million from the current-year budget. This decrease is attributable to a reduction in the Bay-Delta Ecosystem Restoration Account.

Issues

Public and Legislative Oversight of Land Acquisitions Should Be Reviewed

Background. Propositions 40 and 50 both provide hundreds of millions of dollars for acquisitions of private lands by state wildlife agencies. Funds for acquisitions for the Wildlife Conservation Board alone total over \$1 billion. Concerns have arisen over what the specific statutory and regulatory obligations for public disclosure of pertinent documents (e.g. appraisals, environmental reviews of property conditions and other evaluations) are of state agencies participating in acquisitions.

These concerns emanate principally from the recent completion of the acquisition of the 16,000 acre Cargill Salt Ponds in the San Francisco Bay Area in which both the press and environmental groups expressed concern over the lack of documentation available to the public, even after the acquisition was completed.

While the California Public Records Act (Government Code Section 6250 et.seq.) establishes the conditions under which such documents are required to be released, it and other bodies of law may limit release of information that are trade secrets. Moreover, acquisitions where federal agencies are involved may further limit the public's ability to obtain and review documents due to limitations in federal law and regulations.

Staff Recommendation: Given the large amount of funds in the budget appropriated for acquisitions, and the lack of clarity on the laws and procedures governing the public disclosure of acquisitions, the subcommittee may wish to ask the following questions of state acquisition agencies and, to the extent it concludes further action is needed, may wish to consider directing staff to work with the LAO and the agencies to develop trailer bill language spelling out procedures for public disclosure more clearly:

1. What laws and regulations govern the disclosure of documents associated with state acquisitions of lands? What laws and regulations govern those acquisitions where the federal government is involved?
2. At what point in the process of acquiring land does the Wildlife Conservation Board, the Coastal Conservancy, and other similar agencies make public documents like the purchase agreement, the appraisal, and any assessments of lands to be acquired?
3. Are these agencies be barred by law from entering into contractual agreements that limit the public's ability to access these documents? If not, should they be?

River Parkways Program

Issue: The budget proposes \$25.4 million from Proposition 50 and \$7.9 million from Proposition 40 in support of river parkway programs. .

In the past 3 natural resources bonds (Propositions 12, 13, and 40) river parkway funds were available for urban creek protection, restoration, and enhancement, and for acquisition and restoration of riparian habitat, riverine aquatic habitat, and other lands in close proximity to rivers and streams and for river and stream trail projects. The language in Proposition 50 does not provide any further direction or guidance on the use of these funds.

Since 2000, the River Parkways Program has received over \$300 million (including funds available in Proposition 50). The issue for the Legislature to consider is twofold; is it desirable to spend these funds through project lists that are proposed by the Administration and without legislative input? Or, should the Legislature assert more control over this program and establish a more comprehensive program with a long-term approach to improving river parkways?

LAO Analysis: The Legislative Analyst recommends deletion of all River Parkway funds pending legislation that defines these programs, establishes grant or project funding criteria, and sets expenditure priorities.

The bond measures providing funding for these proposals give the implementing agencies very broad authority to expend the funds. Therefore, it is important that the budget proposals supply more specifics on how the programs will be implemented. For example, neither of the river parkway proposals describes how the programs will be implemented. Among unanswered questions are whether the program will consist of direct expenditures on projects or grants, what criteria will be used to choose projects or award grants, and whether there will be any allocation by geographic area.

Staff Recommendation: Staff recommends the subcommittee approve trailer bill language to establish a River Parkway Program.

Action:

Proposition 50 Statewide Costs

Issue: The budget proposes \$2.3 million (Proposition 50 bond funds) for the Secretary for Resources to provide overall coordination and administration of Proposition 50 expenditures. The proposal includes a number of different components, including (1) accounting activities (\$388,000), (2) the development of a public web site (\$603,000), and (3) overall coordination, and audit expenses (\$1.3 million).

LAO Analysis: The budget proposes \$603,000 from Proposition 50 to develop a public Web site that would provide the geographic location of all Proposition 50 bond funded projects. Current state policy requires the Department of Finance to review and approve a Feasibility Study Report (FSR) for any information technology project prior to requesting funding in the budget. According to the Department of Finance, a FSR has not been completed for the proposed public web site project.

LAO Recommendation: The LAO recommends the Legislature deny funding for the public web site.

Staff Recommendation: The subcommittee may wish to consider approving the Secretary's Proposition 50 proposal.

Action:

3640 Wildlife Conservation Board

The board acquires property to protect and preserve wildlife and provides fishing, hunting, and recreational access facilities. The board is composed of the Directors of the Departments of Fish and Game and Finance, and the Chairman of the Fish and Game Commission. In addition, three members of the Senate and three members of the Assembly serve in an advisory capacity to the board.

Issue

Proposition 50 Proposed Expenditures

Background: Proposition 40 and Proposition 50 authorize approximately \$1.2 billion to the Wildlife Conservation Board (WCB). Almost all of these funds are continuously appropriated to the board, which means that the funds are approved outside of the budget process.

LAO Recommendation: The LAO raises several issues with the Administration's proposal, and makes the following recommendations:

- Bond Fund Expenditures Should Be Appropriated in Budget Bill.
- Expenditures Should Be Scheduled in Budget Bill by Category.
- Require Legislative Notification of Project Funding.

The LAO argues that current process of authorizing bond funds to the WCB reduces the Legislature's oversight and review of the board's proposals. In addition to appropriating the WCB's bond-funded expenditures in the budget bill, the LAO believes the Legislature's oversight of these expenditures would be increased if the expenditures were scheduled in the budget bill by broad category. To that end the LAO recommends the WCB display its proposed expenditures by category and submit its schedule to the budget subcommittees prior to budget hearings. The LAO argues that Control Section 26.00 of the budget bill provides flexibility to the administration to make intra-schedule transfers under a specified threshold amount. Finally, the LAO recommends the Legislature amend control section 9.45 in the budget bill to apply to Proposition 50 bond funds. Control Section 9.45 requires notification to the Legislature regarding projects exceeding \$25 million. This would enable the Legislature to receive notification of all major projects scheduled for funding by the WCB.

Issue: The LAO's recommendations focus on accountability and oversight of the WCB's expenditure of Prop 50 bond funds. Traditionally the subcommittee has sought to have an influence on bond fund expenditures, particularly for major land acquisitions. However it is important to have a balance between oversight of these bond funds and hindering the board's ability to do its work. The board has a process by which all project allocations are voted on at public hearings. The WCB also has 6 members from the Legislature that serve as an advisory committee. The board briefs these 6 members and provides all relevant information on projects that are proposed to receive funding.

Staff Recommendation: Staff recommends the subcommittee only approve the LAO recommendation to apply Control Section 9.45 to the WCB. (Require notification on all projects that are scheduled to receive over \$25 million in funding).

Action

Proposition 50 – Colorado River Proposals

Background: Proposition 50 allocates \$50 million to WCB for the acquisition, protection, and restoration of land and water resources that help satisfy the state's limit on Colorado River water. Senate Bill 482 (Kuehl-Chapter 617, Statutes of 2002) established conditions for the expenditure of the \$50 million, including the execution of a settlement agreement among various water agencies relating to Colorado River water entitlements by December 31, 2002.

LAO Recommendation: The LAO argues that the Colorado River proposals are contrary to the Proposition 50 requirement that the Colorado River funds be appropriated by the Legislature, as well as contrary to the requirements of Chapter 617.

Staff Recommendation: Staff recommends the board respond to the issues raised by the LAO.

Action:

3760 State Coastal Conservancy

The conservancy is authorized to acquire land, undertake projects, and award grants for the purposes of (1) preserving agricultural land and significant coastal resources, (2) consolidating subdivided land, (3) restoring wetlands, marshes, and other natural resources, (4) developing a system of public accessways, and (5) improving coastal urban land uses. The conservancy's jurisdiction covers the entire coastal zone including San Francisco Bay and the Suisun Marsh. The conservancy governing board consists of the Chairperson of the Coastal Commission, the Secretary of the Resources Agency, the Director of Finance, and four public members.

Informational Item

Proposition 50 Proposed Expenditures

Staff Recommendation: The subcommittee may wish to have the Coastal Conservancy report on its proposed expenditures from Proposition 50.

Action:

3790 Department of Parks and Recreation

The Department of Parks and Recreation (DPR) acquires, develops, preserves, interprets, and manages the natural, cultural, and recreational resources in the state park system and in the State Vehicular Recreation Area and Trail System (SVRATS). In addition, the department administers state and federal grants to cities, counties, and special districts that help provide parks and open-space areas throughout the state. The state park system consists of 273 units, 31 of which are administered by local and regional park agencies. The system contains approximately 1.4 million acres of land, with 285 miles of coastline and 822 miles of lake, reservoir, and river frontage.

Capital Outlay Issues

Funding for the California Indian Museum

Issue: The budget proposes \$5 million (Proposition 40, Cultural and Historical Funds) for the Phase I development of the California Indian Museum.

Background: Senate Bill 2063 (Brulte-Chapter 290, Statutes of 2002), establishes the California Indian Cultural Center and Museum Task Force, and requires the task force to make recommendations on potential sites and cultural/design concepts for the California Indian Museum.

LAO Recommendation: The LAO argues that it is premature to appropriate an additional \$5 million for the California Indian Museum until the task force issues its recommendations on a site and design. The LAO also believes the department should complete its study/planning documents and acquire a site for the project before these funds are appropriated.

Staff Recommendation: The subcommittee may wish to approve the following budget bill language if funds for this project are authorized in the 2003-2004 budget bill.

Provisions:

3. Funds appropriated in Schedule (22) of this Item shall only be available for expenditure after the California Indian Cultural Center and Museum Task Force (Public Resources Code section 5097.994) has issued its recommendations on potential sites and cultural and design concepts for the California Indian Museum.

Action:

California Heritage Center Project

Issue: The budget proposes \$10 million (Proposition 40, Cultural and Historical Funds) for the acquisition and construction of the California Heritage Center. This project would provide a facility to house and display various historic and culturally significant artifacts that DPR has acquired over time. Currently, DPR is using a leased warehouse facility to store many of the artifacts, and the rest are being stored in various facilities throughout the state.

LAO Recommendation: The LAO recommends the subcommittee approve \$3.4 million of the proposed \$10 million for the Heritage Center project.

The budget proposal requests funding of all project phases, including a master plan study and site acquisition. According to the DPR proposal, it first needs to identify and acquire a site in the Sacramento area and develop a master plan for the project site.

The LAO recommends approval of \$3 million for site acquisition, and \$443,000 for the master plan study. With the completion of these phases, the department will have an accurate statement of cost and scope for the project, and can propose funding for future phases in subsequent budget acts.

Staff Recommendation: The LAO argues that \$10 million for this project is not adequately justified. The Analyst believes the \$10 million figure was arbitrarily identified by the administration. The department argues that these funds are needed to leverage private funds to help fund the total costs of the project. The department believes these funds are needed to move forward with the project.

Action:

3860 Department of Water Resources

The Department of Water Resources (DWR) is responsible for developing and managing California's water through the implementation of the State Water Resources Development System, including the State Water Project. The Department also maintains the public safety and prevents damage through flood control operations, supervision of dams, and safe drinking water projects.

The budget proposes total expenditures of \$6.1 billion (\$39 million, General Fund), an increase of \$324.5 million (5.7 percent) from the current-year budget. The increase in spending is attributable to the allocation of Proposition 50 bond funds to the department (\$300.1 million).

Issues

Integrated Regional Water Management and Water Security Proposals Need Definition

Background: Proposition 50 allocates \$640 million for Integrated Regional Water Management. The Administration proposes the following expenditures for the 2003-2004 budget-year:

Department of Water Resources: \$57.1 million for program implementation and staff

Water Resources Control Board: \$33.1 million for water management projects

Wildlife Conservation Board: \$60.1 million for various projects that improve water supply reliability

The allocation of Integrated Regional Water Management funds will require legislation to establish and implement this new program. As stated in the bond, the funds in this account are intended to protect communities from drought, protect and improve water quality, and improve local water security. Fifty percent (50%) of these funds are allocated to the SWRCB to select projects that meet certain requirements, including projects that are consistent with approved integrated water management plans, and projects that include local matching funds. Other restrictions on these funds include prohibiting projects that include an on-stream surface water storage facility, or an off-stream surface water storage facility other than percolation ponds for groundwater recharge in urban areas. As part of this Integrated Regional Water Management account, the Wildlife Conservation Board (WCB) will receive \$140 million for projects and grants that protect water quality and improve water supply reliability.

Water Security

Proposition 50 allocates \$50 million for the Water Security Program. These funds are discretionary to the extent that no water security program currently exists. The Legislature can appropriate these funds for projects that protect state, local, and regional drinking water systems from terrorist attack or deliberate acts of destruction or degradation.

The Administration proposes the following for the 2003-2004 budget-year:

Department of Water Resources: \$1 million for dam security analysis

\$3.8 million for State Water Project security improvements

Department of Health Services: \$9.9 million for "projects"

LAO Analysis: The LAO raises issues with the Administration's Integrated Regional Water Management and Water Security proposals. The LAO argues that these proposals are sparsely defined, and that it is unclear how the implementing agencies will coordinate their efforts.

LAO Recommendation: The LAO argues that the proposals to expend Proposition 50 bond funds on integrated regional water management projects and water security activities lacks sufficient detail to justify approval. The Analyst recommends the deletion of the funding for these programs from the budget bill, and recommends the appropriations be placed in legislation. According to the Analyst, the legislation should provide policy direction for allocating the grant funds, including more definition of program priorities and criteria for evaluating the grants.

Staff Recommendation: Staff recommends the subcommittee approve trailer bill language to implement the Integrated Regional Water Management and Water Security proposals. Additionally, the Subcommittee may wish to have the LAO and/or the department respond to the proposals outlined in SB 21 (Machado)

Action:

Proposition 50-Desalination Funds

Background: The budget proposes \$15.2 million for desalination projects and staff. Proposition 50 authorizes a total of \$50 million for the desalination program. Assembly Bill 2717 (Hertzberg - Chapter 957, Statutes of 2002) establishes a water desalination task force, and requires the task force to report to the Legislature by July 1, 2004 on its recommendations regarding the role of the state in furthering desalination technologies.

LAO Recommendation: The LAO argues that the Legislature should wait for the task force to make its recommendations before authorizing the bond funds.

Staff Recommendation: Staff recommends the subcommittee approve \$15 million for desalination projects and budget bill language that restricts the use of these funds for feasibility studies.

Action:

The Dam Safety Program

Background: The budget proposes \$8.8 million (\$7.8 million General Fund) for the dam safety program. The General Fund amount reflects fee revenues that are deposited directly in the General Fund.

LAO Recommendation: The LAO recommends that the Legislature enact legislation to increase the existing filing and annual maintenance fees on dam owners so that fees cover 100 percent of program costs. The LAO argues that dam owners under the program's jurisdiction directly benefit from the services provided by the program. To protect small dam owners, the Analyst recommends that the legislation direct DWR to structure the revised fees in a manner that limits the amount of the fee increases for privately owned dams that have less than 100 acre-feet of storage capacity.

Additionally the LAO recommends the creation of special fund that would receive these fees in order to increase the Legislature's oversight of, and accountability for, the use of dam safety fees.

LAO Analysis: The department's dam safety program regulates approximately 1,250 dams in the state that are not under federal jurisdiction. The program is responsible for supervising the maintenance and operation of all non-federal dams that are of a specified minimum size (dams within the department's jurisdiction are either over 25 feet tall or have storage capacity that exceeds 50 acre-feet).

The current fee structure in the dam safety program was established by statute and was last revised in 1991. It consists of two fees. The first fee is an annual maintenance fee of \$200 per dam plus \$24 times the dam's height in feet. The second is a filing fee for a new dam or enlargement, alteration, or repair of an existing dam. This filing fee is calculated as a fixed percentage of estimated costs of the project (tiered depending on project size), and the minimum filing fee is \$300. Statute has limited the amount of fees for dams located on farms or ranch properties and for small "privately owned" dams (small privately owned dams refers to dams with less than 100 acre-feet of storage capacity owned by individuals and businesses). These fees are set at \$150 per dam plus \$16 times the dam's height in feet.

The department collects around \$1.9 million annually in maintenance fees. These fees have remained virtually constant over the last five years. The division also collects an average of \$475,000 annually in filing fees for new dams or changes to existing dams. However, revenues from the filing fees have varied significantly—ranging from \$300,000 to \$5 million annually—depending on workload.

Staff Recommendation: The subcommittee may wish to have the LAO present their proposal, and have the department respond to the issues raised by the LAO.

Action:

3870 CALFED Bay-Delta Authority

The California Bay-Delta Authority, established by legislation enacted in 2002, provides a permanent governance structure for the collaborative state-federal effort that began in 1994. The Authority is composed of representatives from six state agencies and six federal agencies, five public members from the Program's five regions, two at-large public members, a representative from the Bay-Delta Public Advisory Committee, and four ex officio members, namely the chairs and vice-chairs of the Senate and Assembly water committees.

Prior to creation of the Authority, the Program functioned as a consortium of state and federal agencies, each operating under its independent statutory authority to implement various elements of the Bay-Delta Plan, set forth in the CALFED Bay-Delta program Record of Decision signed in August 2000. Under the Authority, the agencies have a more formalized role in advancing the goals of the Program. The Authority was established by enactment of Senate Bill 1653 (Costa) of 2002. The legislation calls for the Authority to sunset on January 1, 2006, unless federal legislation has been enacted authorizing the participation of appropriate federal agencies in the Authority.

The budget proposes \$216.4 million (\$12.6 million, General Fund) in total expenditures. Overall, the budget proposes \$582.1 million in total funding for the CALFED Bay-Delta program.

Information Item

LAO Recommendations on CALFED

Staff Recommendation: Staff recommends the LAO present their recommendations on CALFED. Staff also recommends the Executive Director of the CALFED Bay-Delta Authority provide an overview of the 2003-2004 budget.

Action:

3940 State Water Resources Control Board

The Board regulates water quality in the state and administers water rights. The Board carries out its water quality control responsibilities by (1) establishing wastewater discharge policies; (2) implementing programs to ensure that the waters of the state are not contaminated by surface impoundments, underground tanks, or aboveground tanks; and (3) administering state and federal loans and grants to local governments for the construction of wastewater treatment facilities. Nine regional water quality control Boards establish water discharge requirements and carry out water pollution control programs in accordance with state Board policies. The Board's water rights responsibilities involve issuing and reviewing permits and licenses to applicants who wish to appropriate water from the state's streams, rivers, and lakes.

Issue

Proposition 50 Proposed Expenditures

Issue: The Governor's budget proposes the following expenditures from Proposition 50 in 2003-2004:

Clean Water and Water Quality

- \$36.3 million in competitive grants for water quality improvements
- \$18 million in grants and loans to restore and protect coastal waters

CALFED

- \$26.6 million in local assistance funding for water recycling

Integrated Regional Water Management

- \$32.5 million for water management projects

Staff Recommendation: Staff recommends the board respond to the LAO's issues regarding coordination with the Department of Water Resources for the Integrated Regional Water Management Program.

Action: